

Message Text

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50

ACTION NEA-12

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 RSR-01

PA-03 PRS-01 USIA-12 SCEM-02 INT-08 /148 W

----- 125774

R 181000 Z APR 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 295

UNCLAS BAGHDAD 216

E. O. 11652: N/ A

TAGS: EFIN, IZ

SUBJECT: INVESTMENT INFORMATION FOR FY 1974 FACT BOOK

REF: CA-1975

1. INVESTMENT CLIMATE IN IRAQ - GOI FOLLOWS HIGHLY NATIONALISTIC AND INCREASINGLY STATE CONTROLLED POLICIES WHICH DISCOURAGE DIRECT FOREIGN INVESTMENT. POLITICAL ANIMOSITY TOWARD U. S. GOVERNMENT POLICIES AND POSSIBILITY OF RASH IRAQI REACTIONS TO INTERNATIONAL EVENTS MAKE EVEN SHORT TERM INVESTMENTS RISKY FOR U. S. FIRMS. IRAQ'S IMPORT POLICY IS NOT TO IMPORT ANYTHING FROM U. S. EXCEPT SPARE PARTS. EXCEPTIONS ARE HOWEVER MADE FOR GOODS OR SERVICES THAT CANNOT BE OBTAINED ELSEWHERE AND FOR PRODUCTS THAT INDIVIDUAL MINISTRY OR STATE ORGANIZATION WISH TO PURCHASE FROM U. S. PRICES ARE REGULATED BY THE GOVERNMENT. AN INVESTMENT CODE IS BEING DRAFTED TO ENCOURAGE DOMESTIC PRIVATE INVESTMENT IN CERTAIN SECTORS AND IT MAY CONTAIN SOME INCENTIVES FOR LIMITED FOREIGN PRIVATE INVESTMENT AS WELL.

2. AS RESULT OF IPC SETTLEMENT OF MARCH 1, 1973, IRAQ'S OIL EARNINGS ARE EXPECTED TO DOUBLE IN THREE YEARS TO TWO BILLION DOLLARS IN 1975. OPPORTUNITIES IN FIELD OF OIL EXPLORATION WILL BE VERY LARGE ALTHOUGH GOI HAS NOT YET SETTLED ON TYPE OF FORMULA IT WISHES TO USE IN ENGAGING FOREIGN FIRMS.

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3. U. S. DIRECT INVESTMENT CONSISTS OF 23.75 PERCENT AMERICAN (MOBIL AND EXXON) OWNERSHIP OF BASRA PETROLEUM COMPANY. THE AMERICAN SHARE IS ESTIMATED AT APPROXIMATELY 25 MILLION DOLLARS. DURING COMING YEAR AN ADDITIONAL 40 MILLION DOLLAR AMERICAN INVESTMENT IS EARMARKED FOR BPC EXPANSION.

4. DEPARTMENT MAY WISH TO CHECK ESTIMATES IN PARA 3 WITH MOBIL AND EXXON.

LOWRIE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Disposition Event:
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